

California Energy Commission
RENEWABLE ENERGY PROGRAM
Summary of Activities
January – March 2005

New Renewable Facilities Program

- Incentive payments totaling more than \$1.8 million were made during this period.
- Since its inception in June 1998, the program has paid a total of \$48 million in production incentives to 43 new renewable generating facilities for 4,700 gigawatt-hours (GWh) of generation.
- More than \$146 million is encumbered for participating auction winners.
- Forty-seven projects are currently online and producing electricity, representing 488 megawatts (MW) of new renewable capacity.
- The Renewables Committee approved a change of ownership for the Wintec #2 wind project.
- More than \$228 million is available for Supplemental Energy Payments (SEPs) to cover the above-market costs for eligible participants to meet their RPS requirements.

Renewables Portfolio Standard (RPS) Program

- On January 18, 2005, parties submitted opening briefs on the following first four RPS Phase 2 issues:
 1. Participation of Electric Service Providers (ESPs) and Community Choice Aggregators (CCAs) in the RPS program;
 2. Participation of small and multijurisdictional utilities in the RPS program;
 3. Treatment of Renewable Energy Credits (RECs) associated with generation from Qualifying Facilities (QFs) for which the contract does not expressly identify the RECs or their transfer of ownership from the QF to the IOU; and
 4. Refinement of reporting requirements including issues relating to line loss.

Parties filed comments and reply comments on these issues in February 2005.

- Last quarter, Pacific Gas & Electric (PG&E) and San Diego Gas & Electric (SDG&E) evaluated bids from their 2004 RPS competitive solicitations to select their initial “short lists” of potential contract winners. The utilities’ announcements of their short list selections triggered the CPUC to release the market price referent (MPR). The MPR represents the cost of long-term contracts for natural gas-based electricity that is comparable in delivery terms to a renewable long-term product. Bids priced at or below the MPR are considered *per se* reasonable; bids above the MPR may be eligible for Supplemental Energy Payments (SEPs) from the Energy Commission. PG&E and SDG&E continued negotiations with their short-listed bidders throughout the quarter. The CPUC released the MPR in early February as follows:
 - 6.05 cents per kWh for 10-20 year baseload contracts,
 - 11.41 cents per kWh for peaking 10-year contracts, and
 - 11.42 cents per kWh for peaking 15 and 20 year contracts.
- On March 1, 2005, the Investor-Owned Utilities (IOUs) — PG&E, SDG&E, and Southern California Edison (SCE) — filed 2004 Annual RPS Procurement Target (APT) Compliance Reports with the CPUC as follows:

- PG&E reported that its renewable resources generated about 12 percent of PG&E's delivered retail energy. To meet the 20 percent renewable energy target by 2010, PG&E estimated that it will require incremental energy deliveries from newly contracted resources at an average rate of approximately 800-900 GWh per year.
- SCE reported that its 2004 incremental procurement target (IPT) was 1 percent of total bundled sales for 2003 (70,617 GWh) or approximately 706 GWh. SCE received metered energy as part of its transitional renewable procurement totaling 1,979 GWh, representing an increase over purchases of approximately 771 GWh, resulting in total incremental purchases exceeding SCE's 2004 IPT by 65 GWh. SCE also projected that it could exceed its APT for 2005.
- SDG&E reported that its 2004 APT is 423,336 MWh, with its incremental eligible renewable procurement in 2004 totaling 549,554 MWh. SDG&E reported that it exceeded its 2004 APT by 126,218 MWh.
- On March 7, 2005, PG&E and SCE filed Draft 2005 RPS Procurement Plans (PPs), with SDG&E filing its PP in the next quarter. PG&E reported that it will achieve the RPS goal of 20 percent by the end of 2010. SCE estimated that it will achieve the 20 percent goal by 2008.
- SCE exercised its ability, as authorized by the CPUC, to enter into renewables contracts through the interim procurement rules rather than the formal RPS rules adopted by the CPUC. On March 8, 2005, SCE submitted an Advice Letter to the CPUC seeking approval for six renewables contracts, initially totaling 142 megawatts (MW), with an expansion potential of 428 MW in capacity. Three of these are 20-year contracts for wind energy facilities with scheduled online dates of December 2006; two contracts (one 15- and one 20-year term) use biomass fuel and have online dates of December 2007; the final 20-year contract is for a geothermal resource with an online date of March 2008.
- The Energy Commission has certified 427 facilities as eligible for the RPS, representing 6.4 gigawatts. Of that generating capacity, 517 MW is proposed new capacity from 13 planned facilities.
- The Energy Commission is developing the details of the contract with the Western Electricity Coordinating Council (WECC) as the institutional home of the Western Renewable Energy Generation Information System (WREGIS).
- In March 2005, the Department of Finance approved the WREGIS Feasibility Study Report (FSR) and the Department of General Services approved the Information Technology Procurement Plan (ITPP).
- In March 2005, the Interim WREGIS Committee, comprised of the co-chairs of the Operational Rules Committee, co-chairs of the Institutional Committee, and a WECC representative, had a kick-off meeting to begin convening the Stakeholder Advisory Committee and determining the election process for electing the permanent WREGIS Committee
- The Energy Commission is working with technical experts to develop the RFP and functional requirements for the Systems Development and Technical Operations vendor for WREGIS.

Existing Renewable Facilities Program

- During this period, about \$2.0 million in payments were made for 679 GWhs of generation for November 2004 through January 2005.
- To date, payments totaling \$207.8 million have been made to existing facilities for generation from 1998 through January 2005.
- 378 facilities are registered as renewable suppliers, with 102 eligible for funding from the ERF.
- ERF rollover funds — those remaining after payments have been made and are rolled over to the next payment cycle as available funds — total \$27.2 million.

Emerging Renewables Program

- During this quarter, payments totaling \$12.9 million were made for 949 systems installed in investor-owned utility service areas, representing 3.9 megawatts of capacity.
- Payments to date total almost \$194 million for 13,000 systems, representing about 51 MW of distributed capacity.
- Beginning in January 2005, Assembly Bill 135 (Reyes, Stats. of 2004) authorized the use of \$60 million of program funds that will be collected beginning in 2007.
- About 350 reservation requests were received this quarter for systems in IOU service areas. These are estimated to represent approximately \$6.5 million and about 2.4 MW of capacity.
- Funds encumbered for 5,600 systems in IOU service areas total \$89 million, representing 27 MW of capacity. Because the ERP can encumber funds that will be collected through 2006, and \$60 million from 2007 through 2011 (authorized by AB 135), a total of over \$88 million remains available for rebates. A total of approximately \$14 million in rebate applications has been received that either needs initial review or clarification.
- Under the Solar Schools Program, nearly \$4.5 million in incentives is reserved for 30 schools to install their own solar photovoltaic (PV) systems, representing a total of about 700 kW. Program recipients are public and charter schools within the service territory of California's three largest investor-owned utility companies - Pacific Gas and Electric, Southern California Edison, and San Diego Gas and Electric. The \$4.5 million in incentives is funded equally by the Energy Commission's Emerging Renewables Program (\$2.25 million) and the California Attorney General's Alternative Energy Retrofit Account (\$2.25 million).
- KEMA-XENERGY completed field verifications of installed systems to confirm that systems conform with their corresponding paperwork submittals.
- Updated public information continued to be made available on the Energy Commission's website.

Consumer Education Program

- To date, disbursements for consumer education activities total about \$5 million.
- Payments totaling \$19,447 were made during this period for consumer education activities.
- As of this period, the Renewable Energy Alliance has 254 individual members and 183 member organizations.